

PRIVATIZED FACILITIES MANAGEMENT AT
GOVERNMENT HOSPITALS IN THE NORTHERN
REGION OF MALAYSIA

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UNIVERSITI SAINS MALAYSIA
2015

**PRIVATIZED FACILITIES MANAGEMENT AT GOVERNMENT
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by

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**Thesis submitted in fulfillment of the requirements
for the degree of
Master of Science**

April 2015

ACKNOWLEDGEMENT

I would like to express my sincerest gratitude to my supervisor, Dr. Farid Ezanee Mohamed Ghazali and my co-supervisor Professor Sr. Dr. Wan Muhd Aminuddin Wan Hussin for their guidance and supervision of this research work. Your useful advice and assistance is very much appreciated. Without their guidance, I believe this research would not have been successfully completed.

I am very grateful to the staff of Faber Medi-Serve Sdn Bhd for their assistance in providing data for this research.

I am also grateful to the hospital staff for their contribution and cooperation during the questionnaires survey session.

Lastly, but certainly not the least, I am indebted to my friends and family for their endless support.

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LIST OF ABBREVIATIONS

FEMS	Facility Engineering Maintenance Services
CWMS	Clinical Waste Management Services
LLS	Linen and Laundry Services
BEMS	Biomedical Engineering Maintenance Services
CLS	Cleansing Services
PMP	Privatization Master Plan
KPIs	Key Performance Indicators
EPU	Economic Planning Unit
IFMA	International Facility Management Association
SPSS	Statistical Package for Social Science
MIS	Management Information System
QAP	Quality Assurance Program
HSIP	Hospital Specific Implementation Plan
CMIS	Central Integrated Nationwide Management Information System
HEPPM	Hospital Engineering Plan Preventive Maintenance
PPM	Planned Preventive Maintenance
ANOVA	Analysis of Variance

LIST OF SYMBOLS

a_i	Constant expressing the weightage
X_i	Variable expressing the number of the respondent
i	1, 2, 3,4,5 and 6
X_1	The ‘most frequent/strongly dissatisfied’ response and corresponding to $a_1 = 5$
X_2	The ‘frequent/ dissatisfied’ response and corresponding to $a_2 = 4$
X_3	The ‘fair/average’ response and corresponding to $a_3 = 3$
X_4	The ‘less frequent/satisfied’ response and corresponding to $a_4 = 2$
X_5	The ‘least frequent/strongly satisfied’ response and corresponding to $a_5 = 1$
X_6	The ‘not applicable’ response and corresponding to $a_6 = 0$

PENSWASTAAN PENGURUSAN FASILITI HOSPITAL KERAJAAN DI WILAYAH UTARA MALAYSIA

ABSTRAK

Perlaksanaan penswastaan perkhidmatan sokongan hospital bagi meningkatkan keberkesanan dan kecekapan pengurusan kemudahan di hospital kerajaan tidak pernah diverifikasikan sejak mula dilaksanakan pada tahun 1997. Kajian ini menghuraikan cara perlaksanaan penswastaan perkhidmatan penyenggaraan fasiliti, menyiasat masalah dan menilai tahap kepuasan kakitangan hospital terhadap perlaksanaan perkhidmatan penyelenggaraan fasiliti di kawasan kajian. Beberapa sesi temuramah telah dijalankan bersama pihak syarikat konsesi dan borang soal selidik telah diedarkan bagi mencapai objektif kajian. Perlaksanaan “Hospital Specific Implementation Plan (HSIP)”, “Deduction Formula”, “Management Information System (MIS)” dan penyelenggaraan fasiliti secara menyeluruh telah dijalankan oleh syarikat konsesi bagi mencapai piawaian dan prosedur operasi hospital. Maklumbalas daripada 472 kakitangan hospital yang terlibat dalam kajian ini menunjukkan bahawa masalah yang paling ketara berlaku yang berkaitan dengan perkhidmatan lift dengan index purata 2.37 dan kebocoran disebabkan lapisan kalis air gagal berfungsi dengan indeks purata 3.28. Secara keseluruhannya, pihak kakitangan hospital berpuas hati dengan perlaksanaan penswastaan perkhidmatan pengurusan fasiliti di kawasan kajian dengan keseluruhan indeks purata 4.0. Oleh itu, langkah-langkah tebatan yang sesuai boleh dijalankan oleh Kementerian Kesihatan untuk projek pembinaan hospital kerajaan pada masa hadapan bagi meningkatkan keberkesanan dan kecekapan perkhidmatan penyenggaraan di hospital kerajaan.

PRIVATIZED FACILITIES MANAGEMENT AT GOVERNMENT HOSPITALS IN THE NORTHERN REGION OF MALAYSIA

ABSTRACT

The effectiveness and efficiency of facility management services at government hospitals in Perlis, Kedah and Pulau Pinang have not been assessed or verified since its privatization in 1997. This study overviews the privatization implementation of facility engineering maintenance services, investigate the common problems and determine the satisfaction level of hospital staffs in the study area. Several interview sessions have been conducted with key personnel from the concession company and the questionnaires were distributed in order to achieve the objective of this study. A Hospital Specific Implementation Plan (HSIP), deduction formula, Management Information System (MIS) and comprehensive facility maintenance program was set down to be applied to ensure the works carried out is satisfactory to technical requirements and standards of hospital operation. The result obtained from 472 hospital staff involved in this study shows that the most significant problems occurred were related to lift services with an average index of 2.37 and waterproofing leakages with an average index of 3.28. The average index rating scale in this study on the privatized of facilities management is satisfactory with an average index of 4.0. Thus, appropriate mitigation measures can be carried out by the Ministry of Health for future construction of government hospital projects and to improve the effectiveness and efficiency of facility engineering maintenance services.

CHAPTER 1

INTRODUCTION

1.1 Introduction

The privatization policy was first announced by the Government of Malaysia in 1983. This policy represents a new approach to expand the role of the private sector in the development of Malaysian economy (Economic Planning Unit, 1991). In 1997, the Government of Malaysia took the initiative to implement a privatization project for provision, maintenance and management of hospital support services at the government hospitals throughout the country (Nambiar, 2009). The privatization project involved 127 government hospitals in the earlier implementation and it has increased to 148 government hospitals to date. The idea of hospital privatization was to utilize the private sector's expertise to manage government assets and improve the quality of services in government hospitals.

Three private companies, Faber Medi-Serve Sdn. Bhd, Radicare (M) Sdn. Bhd, and Pantai Medivest Sdn. Bhd were involved in privatization projects for hospital support services in the government hospitals in Malaysia. These concession companies were tasked to provide various services to the hospital involved including Clinical Waste Management Services (CWMS), Cleansing Services (CLS), Linen and Laundry Services (LLS), Facility Engineering Maintenance Services (FEMS) and Biomedical Engineering Maintenance Services (BEMS).

1.2 Problem Statement

Generally, hospitals and healthcare facilities are among the most complex, costly and challenging buildings to manage and, as a result, the facilities management function is relatively well developed (Loosemore & Hsin, 2001). Essentially, the goal of the facilities management provider in a hospital environment is to achieve zero defects in the hospital's physical operation, particularly in areas where small problems can lead to huge consequences and turn into a matter of life and death. One of the main challenges in managing hospital facilities is the highly diverse network and range of functions which are needed to maintain operations and the complexity of services which are required to support them (Loosemore & Hsin, 2001). Privatization of the health support services at the government hospitals was a part of the larger attempt to liberalize the healthcare sector with the objective to improve economic efficiency in the healthcare sector (Nambiar, 2009).

Thus, the Government of Malaysia took the initiative to implement a major privatization project for the provision, maintenance and management of Hospital Support Services (HSS) of public hospitals throughout the country in 1997. The project started in line with the following objectives to: (1) implement the government's privatization policy, (2) improve the level of healthcare provision and the quality of service in public hospitals, (3) improve efficiency and reliability of the provision, maintenance and management of hospital support services, and (4) promote and improve the culture of comprehensive maintenance in public assets and facilities (Ali & Wan Mohamad, 2009). Faber Medi-Serve Sdn Bhd is one of the concessionaires appointed to provide management services to the government hospitals in Malaysia.

Facility Engineering Maintenance Services (FEMS) is one of five components involved in the privatization facilities management project at government hospitals. Generally, the scope of work under Facility Engineering Maintenance Services (FEMS) covers maintenance of all facilities including civil engineering works, mechanical and electrical engineering systems as well as plant and non-biomedical equipment.

Nevertheless, the effectiveness and efficiency of the privatized facilities management at government hospitals have not been assessed or justified since it was first implemented in 1997. Thus, this research aims to assess the effectiveness and efficiency of the Facility Engineering Maintenance Services (FEMS) implementation at thirteen government hospitals in the northern region of Malaysia particularly in Perlis, Kedah and Pulau Pinang.

1.3 The Objectives of Study

The aims of this research can be achieved successfully by addressing the following objectives:

- 1) To identify the type of Privatized Facility Engineering Maintenance Services (FEMS) being delivered at selected government hospitals in Perlis, Kedah and Pulau Pinang.
- 2) To identify common problems that occurred at the government hospitals involved as a result of FEMS privatization.
- 3) To determine the satisfaction level of the key stakeholders, particularly the hospital staff with regards to the FEMS provided at the selected government hospitals.

1.4 Scope of the Study

The scope of this study covers the privatization of Facility Engineering Maintenance Services (FEMS) at the selected government hospitals in the northern region of Malaysia which involves thirteen government hospitals within Perlis, Kedah and Pulau Pinang under Faber Medi-Serve Sdn Bhd as concessionaire to implement a privatization project for provision, maintenance and management of hospital support services at the government hospitals.

Interview sessions were carried out with the concession company's personnel to gather relevant information on the Facility Engineering Maintenance Services. Furthermore, the questionnaires were distributed to the hospital staff only as the end user to investigate the common problems that occurred and to determine their satisfaction level of the facilities engineering maintenance services implemented at thirteen government hospitals in the northern region of Malaysia. All the information gathered for this study were obtained from 2010 to 2013.

1.5 General Structure of Thesis

Chapter 1 introduces the background of this research study that includes the objectives as well as scope and limitation on the privatization of FEMS at selected government hospitals in the northern region of Malaysia.

Chapter 2 outlines all the elements included in the privatized hospital support services in government hospitals in Malaysia such as the history, objectives and types of privatization policy in Malaysia.

Chapter 3 underlines a number of key facilities management aspects which are related to the types of facility management and building maintenance issues associated with this research.

Chapter 4 describes the key methodologies used to carry out this research study. The research methodology serves to explain the objectives of this research which have been achieved successfully via appropriate means of data acquisition and also data analysis.

Chapter 5 provides a detailed description of the FEMS privatization at selected government hospitals in the northern region of Malaysia, which includes Perlis, Kedah and Pulau Pinang. Most of the data have been acquired through three series of interview sessions conducted with selected key personnel from the concession company management such as the facility head of FEMS and facility managers.

Chapter 6 presents discussion on data obtained from the questionnaires which was designed in three sections such as demographic of the respondents particularly the hospital staffs, common problem that occurred at the selected government hospitals and user satisfaction level of the facilities management at the government hospitals in Perlis, Kedah and Pulau Pinang. All the data were analyzed by using Microsoft Excel and Statistical Package for Social Science (SPSS) Version 17.0 to examine the frequency and reliability of each variable in the questionnaires. Furthermore, the average index has been used to identify the most critical factor for evaluating the questionnaire items as well as to gather the level of importance of the data.

Chapter 7 provides the conclusion of this research that determined the effectiveness and efficiency of privatized FEMS.

CHAPTER 2

THE KEY ELEMENTS IMPLEMENTED IN THE PRIVATIZATION POLICY IN MALAYSIA

2.1 Introduction

This chapter discusses the key elements included in the privatized hospital support services throughout the government hospitals in Malaysia since 1997. Issues that are discussed in this chapter are related to the characteristics of privatization, objectives and types of privatization policy in Malaysia.

2.2 Privatization

Privatization is defined in terms of the transfer of enterprise ownership from public to private sector. Generally, privatization refers to changing the status of a business, service or industry from state, government or public to private ownership or control. The term also refers to the use of private contractors to provide services previously provided by the public sector. Privatization can be strictly defined to include only cases of the sale of 100 percent, or at least a majority share of a state owned, or its assets, to private shareholders (Jomo & Tan, 1997).

In the USA, privatization mainly refers to the government's contracting out of local public services to public providers. A city or county government may contract with a private company to pick up garbage, to keep city parks clean, to manage its hospitals, to provide ambulance services, to run school and airport or even to provide police and fire protection (Erez, 2009).

Privatization involves handing over control of public functions to private companies. The privatization contracts are divided into two categories (1) Service

privatization, where the government pays a contractor to provide public services, and (2) Asset privatization, where the government receives money for the building, long-term lease, or purchase of revenue-producing infrastructure, facilities or other assets (In the Public Interest, 2012) .

2.3 Privatization Policy in Malaysia

The privatization policy was first announced by the Government of Malaysia in 1983. It represents a new approach in the National Development Policy and complements other national policies such as the Malaysia Incorporated Policy, developed to underscore the increased role of the private sector in the development of the Malaysian economy. This approach aims to (1) facilitate the country's economic growth, (2) reduce financial and administration burden of the government, (3) reduce government's presence in the economy, (4) lower the level and scope of public spending, and (5) allow market forces to govern economic activities and improve efficiency and productivity in line with the National Development Policy (Economic Planning Unit, 2012).

In 1991, the Government published the Privatization Master Plan (PMP) which was intended to optimize the impact implementation of the policy and to achieve the Privatization Policy objectives. Several laws such as Pension Act 1980, Telecommunication Act 1950, Port Act 1963, and Electricity Act 1949 have been amended to facilitate the implementation of privatization (Economic Planning Unit, 1991).

In the Ninth Malaysia Plan (2006-2010), the implementation of the privatization programme is further streamlined. The maintenance of facilities is included in the concession agreements of privatized infrastructure projects approved